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DIRECTORATE OF INTELLIGENCE

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IMPACT OF A CUTOFF OF ASSISTANCE TO THE
NICARAGUAN INSURGENTS

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Summary

A cutoff of US assistance to the anti-Sandinista insurgents in Nicaragua would be a major victory for the Sandinista regime. We believe it would strengthen the Sandinistas domestically and increase fears within the area over Nicaragua's aggressive policies. In our opinion, it would also reinforce the traditional Latin American view that the US is an unreliable partner, a perception that would have serious ramifications for US policy throughout the region.

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We estimate that a cutoff would effectively remove the military threat posed by the major insurgent group in Nicaragua within four to six weeks. The other two guerrilla organizations probably would continue their military operations at reduced levels.

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A cutoff would also have a negative impact on Honduras, where the military is currently uneasy following the recent removal of Armed Forces Commander Alvarez. The Hondurans view the

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anti-Sandinistas as a buffer against Managua--in effect, their first line of defense--and any action perceived as strengthening the Sandinista regime would increase military anxiety.

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In El Salvador, a cutoff would lead the government and Army to worry about the reliability of future US support to El Salvador. The action would boost morale of the Salvadoran guerrillas while simplifying the resupply effort of Nicaragua and Cuba. Assistance to the Salvadoran insurgents almost certainly would increase and lead to greater guerrilla activity.

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The cutoff would also enhance the Sandinistas' bargaining position at the Contadora peace talks, thus dimming prospects of meaningful security and other guarantees. Elsewhere in the hemisphere, the reaction would vary from strong approval in Mexico to concern in Brazil regarding the ability of the US to implement a consistent foreign policy.

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Outside of the region, most West European governments would endorse the cutoff, with Socialist elements seeing in the action some chance of weaning the Sandinistas from Moscow and Havana. The Soviets would view the cutoff as a possible sign that Washington would be less likely to use covert actions in the future to counter Marxist regimes in the Third World. The pace of Soviet military deliveries to Nicaragua probably would slow as insurgent activities waned, but they would not be discontinued.

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MILITARY IMPLICATIONS

In the event of a cutoff of funds, we estimate the Nicaraguan Democratic Force--the largest of the three insurgent groups--would continue to pose a military threat for four to six weeks. This assumes that they would be willing to continue their operations, and that at the time of the cutoff they were fully supplied with food, clothes, ammunition, and weapons.

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-- The FDN has not yet established an effective overland supply route, so it would be totally dependent on its own airdrops after the aid ended. The lone aircraft being used for resupply is owned by the FDN

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If the FDN

still had supplies in Honduras at the time of a cutoff, Tegucigalpa probably would not stop the insurgents from moving them into Nicaragua.

-- The FDN has little or no capability of its own to obtain new supplies from other sources, so any resupply would be limited to whatever stocks remained on hand at the time of cutoff.

ARDE, on the other hand, probably can hold out much longer in sparsely populated southern and eastern Nicaragua. It has large caches of arms, ammunition, and supplies inside the country, engages in few pitched battles, and has an unknown amount of support from other sources. [redacted]

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ARDE leader Pastora, a hero of the Sandinista revolution, has publicly distanced himself from the US government. Because of this, he might gain in legitimacy as a result of a cutoff and might pick up additional manpower and other support from former FDN cadre. [redacted]

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The two Miskito Indian guerrilla groups that operate in indigenous territory in eastern Nicaragua probably could hold out indefinitely. Neither group would be likely to give up the fight completely. Without resupply of some type, however, their level of activity would be severely curtailed. The Misura group does have overland supply routes in the north, but it is dependent on the FDN for supplies. In the south, the other Miskito group, the Misurasata, depends on ARDE for supplies. ARDE probably would provide support at a reduced level if US assistance were cut off. [redacted]

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POLITICAL AND ECONOMIC IMPLICATIONS IN NICARAGUA

Managua's leaders would view a withdrawal of US support for the anti-Sandinista insurgents as a major political victory. The main impact of a cutoff, in our judgment, would be to remove what the regime sees as a major obstacle to its consolidation of control. No longer forced to channel its resources against the insurgents, Managua presumably would increase assistance to the Salvadoran guerrillas. [redacted]

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Economically, the result of a cutoff of support to the insurgents would be a modest plus for the Sandinistas. The Nicaraguan Army has taken first priority on food and clothing supplies, and some of these items could be redistributed to the public, thereby easing popular unhappiness over rationing. This psychological benefit probably would dissipate fairly soon, however, because the FSLN could no longer shift the blame for the country's poor economic performance onto the insurgents. Although some demobilized troops could return to jobs in producing sectors and a few delayed development projects might resume, we believe the overall economic gain would be small.

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HEMISPHERIC REACTION

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Central America

We believe the reaction would be uniformly negative throughout Central America. Over the last two years, the general perception of most governments has been one of a growing US commitment to Central America--a view that was reinforced by the US action in Grenada last year. Nevertheless, many leaders have remained uneasy about the depth and duration of that commitment. They have seen some issues--such as the semiannual certification of human rights progress in El Salvador--as foreshadowing a lack of US resolve. Their anxiety has been increased by an inability to understand the political give and take in Washington. A cutoff of US assistance to the anti-Sandinistas would deepen these anxieties and reinforce traditional views about US untrustworthiness.

Honduras

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A cutoff of aid to the anti-Sandinistas would have grave military, political, and, above all, psychological implications for Tegucigalpa. It would come at a time of uneasiness within the military establishment caused by the recent removal of Armed Forces Commander Alvarez. The Suazo administration's strong identification with US policy in the region leaves it vulnerable to domestic political attacks and Nicaraguan aggression. Many Hondurans view the anti-Sandinistas as a buffer force, the first line of defense between the more powerful Sandinista military and their own forces. Should the anti-Sandinistas disintegrate, the Honduran perception of betrayal by the US would be strong and long lasting. President Suazo's left-of-center opponents, who have been critical of his close alliance with the US, would intensify their attacks and press for a more benign policy toward Managua. We believe, however, that Suazo and the high command would demand large amounts of military and economic assistance;

they would also press for an increased US military presence and more frequent joint exercises with US forces. [redacted]

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An immediate problem for Honduras would be coping with a large number of new refugees if the insurgents in Nicaragua were forced to withdraw. There are already some 50,000 refugees from Nicaragua, El Salvador, and Guatemala on Honduran territory. The addition of some 9,000 anti-Sandinista insurgents would create a very heavy burden for the Honduran government and international organizations. In addition, we believe this influx of armed men, who have little prospect for gainful employment, would lead to lawlessness and banditry; security forces, already stretched thin to patrol Honduras' borders, would have difficulty maintaining order. [redacted]

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El Salvador

The Salvadoran high command would be alarmed by a cutoff of US support to the anti-Sandinista insurgents. Tactically, Salvadoran military leaders would anticipate--probably correctly--an escalation in insurgent activity, as well as increased resupply of the guerrillas from Nicaragua and Cuba. They would also be worried that a cutoff might lead to reduced cooperation on the part of the Honduran military, which over the last two years has shown some willingness to participate in blocking and other occasional operations against the guerrillas. [redacted]

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The psychological ramifications probably would be greater. Despite continuing US military assistance, the Salvadoran armed forces have periodically vented suspicions that the US commitment is tenuous--anxieties that in the past reportedly have resulted in hoarding of supplies and an inclination to abandon offensive actions and adopt a traditional defensive mode. These tendencies would be reinforced by a cutoff. The reduction of US credibility attendant to the cutoff might also complicate the task of US advisers in the country. [redacted]

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On the domestic political front, a cutoff would give greater credibility to extreme rightist political leaders who have long questioned US resolve. While this would not in and of itself alter the likelihood that the Christian Democrats will prevail in the 6 May runoff election, growing anxieties on the part of the right could lead to increased polarization and renewed tampering with the military establishment. [redacted]

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Guatemala

Government leaders would be likely to mute their public displeasure over suspension of the program. They probably would direct any public criticism at the US Congress, which they also blame for a failure to restore military assistance to them. In private, however, Chief of State Mejia and senior military leaders would condemn the US as an unreliable ally. Termination of the program would reinforce the Guatemalans' belief that their counterinsurgency success has been achieved largely because they do not rely on US strategy, equipment, or training, and are not subject to political constraints imposed by Washington. We judge that any improvement in bilateral relations with the Mejia government would be made more difficult and that Guatemala's reluctance to become involved in regional military cooperation--particularly anything relating to problems between Honduras and Nicaragua--would be strengthened.

Costa Rica

We believe a cutoff of assistance would undermine efforts by President Monge to continue his tough stance against Nicaragua, a policy that is already under fire from left-of-center elements in his own ruling party. More conservative elements, meanwhile, would intensify pressure on Monge to obtain reassurances from Washington that it would protect Costa Rica from Nicaraguan aggression. Pastora's ARDE insurgents along the Costa Rican-Nicaraguan border would feel growing pressure from the Sandinista military, and some ARDE units might have to take refuge in Costa Rica.

Panama

We believe most political and military leaders would react negatively to an aid cutoff. Nevertheless, President Illueca--whose strong leftist views sometimes place him at odds with his military colleagues--probably would hail the decision. Defense Forces Commander Noriega, who has been supportive of US policy in Central America, almost certainly would question Washington's commitment to the region.

Mexico

Because Mexican leaders oppose any outside military intervention in Central America, they would react favorably to a cutoff in US assistance to Nicaraguan insurgents. From the Mexican perspective, such a move would serve their interests in Contadora, ease mounting concern over the chances of US military intervention in the region, and enhance President de la Madrid's

domestic and international prestige. Mexico City's deep commitment to the survival of the Sandinista regime suggests that de la Madrid is unlikely to abandon his political and diplomatic support of Managua. A cutoff of aid, however, might cause Mexico to press Managua to comply with recently stiffened terms for petroleum deliveries.

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South America

The reaction among South American governments to a cessation of US support to anti-Sandinista insurgents would vary largely along ideological lines.

- Colombia's Betancur and Argentina's Alfonsin--both of whom have demonstrated a strong interest in Central America--would applaud such a move as likely to strengthen the prospects for a Contadora-brokered regional peace settlement.
- In Venezuela, President Lusinchi would be more equivocal. He acknowledges that US pressure has been instrumental in wringing concession from the Sandinistas and would recognize the dangers of such a cutoff to achieving a balanced settlement in the region.
- Brazil, which has less of a direct interest in Central America, would praise the cessation as consistent with its belief in non-intervention. Privately, however, the views of Brazilian officials--like those of other moderate to conservative leaders throughout South America--would be tempered somewhat by a concern that a termination of US support to the anti-Sandinistas would fuel Cuban and Nicaraguan subversive efforts. Such a move would also spawn new anxiety about the ability of the US to implement a consistent foreign policy.

Impact on Contadora

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Over the last few months, the Contadora peace negotiations have been increasingly dominated by Nicaraguan propaganda and firm Mexican diplomatic support for Managua. In contrast, the other Central American nations are haggling and failing to come up with proposals. Significantly, the recent debate in the UN Security Council over the mining of Nicaragua's harbors was accompanied by silence from three of the Contadora nations--Panama, Venezuela, and Colombia--while Mexico, the fourth Contadora country, endorsed the Sandinista resolution. We believe Nicaragua viewed the US veto of the resolution as a

diplomatic victory which it will attempt to propagandize in an effort to depict the US as the real aggressor in Central America. A cutoff of US aid to the anti-Sandinista insurgents would hand Nicaragua a victory and strengthen the Sandinista regime. This, in turn, would increase further Managua's growing effectiveness in dealing with the Contadora group. [redacted]

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Cuba

Cuba, in dire need of a victory after a number of important foreign policy setbacks in Africa and this hemisphere, would view a halt to US aid for the anti-Sandinistas as a sign that the tide was changing in Havana's favor. The use of US military power in Grenada had caused Castro to adopt a much more cautious approach in his foreign meddling. We believe Castro--sensing a major opportunity created by the cessation of US funding--would urge Managua to deliver a quick death blow to the insurgents; he might offer more Cuban military personnel to help the Sandinistas. His inclination to resolve Central America's problems through negotiations--never very strong--would virtually evaporate, although he probably would continue to pay lip service to the need for peace talks to deflect criticism of Cuba's role in supporting the Salvadoran insurgents. Moreover, he would expand his propaganda effort on Central America and would point out to Third World audiences that the US is an ally of dubious loyalty. [redacted]

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INTERNATIONAL REACTION

USSR

The USSR would publicize an aid cutoff as a victory for international opinion and a setback for the US Administration, but it would stress a theme that the US will continue to seek ways of thwarting national liberation movements. [redacted]

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The Soviets would be pleased with a cutoff because it might reduce the possibility of a confrontation with the US in an area distant from Soviet power. At the same time, it might reduce pressure on Moscow to be seen publicly as doing something to sustain a Marxist state--pressure that the Soviets have resisted so far with some apparent discomfort. It might reduce somewhat the Sandinistas' need--and the Soviets' expense--for military supplies that the USSR has been sending primarily through Cuba and Bulgaria. It also probably would make the Soviets believe that there is a lessened future danger of Washington's using covert means to try to counter Marxist regimes in the Third

World, and thus partially offset the Soviet unhappiness over Grenada.

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Moscow could be expected to continue military and economic aid to Nicaragua despite a cutoff. The Soviets' long-term goal is the consolidation of the Sandinista regime as an example for other potentially Marxist countries in Latin America and as a base for future Soviet and Cuban overt and covert operations.

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The pace of Soviet military deliveries probably would slow as insurgent activities waned. Nonetheless, Moscow probably would continue some shipments--using intermediaries--in order to complete military buildup plans that presumably exist in secret agreements similar to those with the Bishop government in Grenada.

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The Soviets would hope that a decline of insurgent activity would make Nicaragua better able to sustain itself economically, thus reducing pressure for Moscow to send economic aid. The USSR has in the past sought to avoid becoming responsible for sustaining the Nicaraguan economy in the way that it sustains Cuba, and we believe it will continue to do so. As they have with recent petroleum shipments, the Soviets will nevertheless remain ready to fill urgent needs on what they hope is only a temporary basis.

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Western Europe

A decision to cut off US assistance to Nicaraguan insurgents would please most West European governments and might slightly improve Washington's flagging image among their publics. Socialist governments and opposition parties have maintained for some time that external pressure has impeded Nicaragua's progress toward democracy and has pushed the regime closer to the Soviet Union and Cuba. While conservative leaders acknowledge Washington's special interests in Central America and to some extent share US perceptions of the Communist threat in the region

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Withdrawal of US support for the anti-Sandinista insurgents might alleviate West European worries about alleged US involvement in the mining of Nicaraguan ports and Washington's refusal to recognize the World Court's jurisdiction on Central America. It might also further weaken the West European peace movement, which increasingly has criticized US behavior in Central America to bolster its campaign against INF.

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SUBJECT: Impact Of A Cutoff Of Assistance To The Nicaraguan
Insurgents [redacted]

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